weekly economic review

March 15, 2013

Resale Housing Market

Home sales continue to move higher

A healthy labour market, solid in-migration and low interest rates continued to support Alberta's existing housing market. Sales of existing homes reached 5,060 in February, up 1.4% over the previous month and up 4.4% from February 2012. With an increase in sales matched by higher listings, the sales-to-new listings ratio remained unchanged at 0.61 (a ratio above 0.60 indicates seller's market conditions).

The average resale home price in Alberta hit $379,945, an increase of 3.3% from January and up 4.5% from February 2012.

In the national resale market, the cooling trend continued. Canadian sales dropped on a year-over-year basis for the seventh straight month, down 12.0% in February. Average resale prices were also down compared to February 2012, by 0.9%.

New Housing Price Index

Calgary leads Alberta price gains

New home prices in Alberta continued to inch higher in January, rising by 2.2% over the same month last year. For the first time in almost five years, Alberta's year-over-year price increase did not lag the national average (+2.2%). Prices in Calgary increased 3.3% over January 2012, outpacing the 0.9% gain in Edmonton.

New Motor Vehicle Sales

Auto sales post gain to start 2013

The number of vehicles sold in Alberta rose 3.6% in January over the same month last year. The increase was driven by strong truck sales, and comes after an impressive 10.6% annual gain in 2012. Growth in vehicle sales has been supported by strong migration and a robust labour market.

Albertans bought 16,799 vehicles in January, 13,177 of which were trucks (includes vans and SUVs).

At the national level, vehicle sales decreased on a year-over-year basis for the second straight month, falling by 2.6%.

Capacity Utilization

Utilization dips slightly to finish the year

Canadian capacity utilization, which measures industry output as a share of its potential output (or capacity), edged down to 80.7% in the fourth quarter from 81.1% in the third quarter. The drop mainly reflected a 2.1 percentage point decline in the manufacturing sector.

In 2012, capacity utilization rose for the third straight year to 81.0%, well above the 2009 low of 72.1%, but still below the pre-recession peak of 82.5% in 2007.

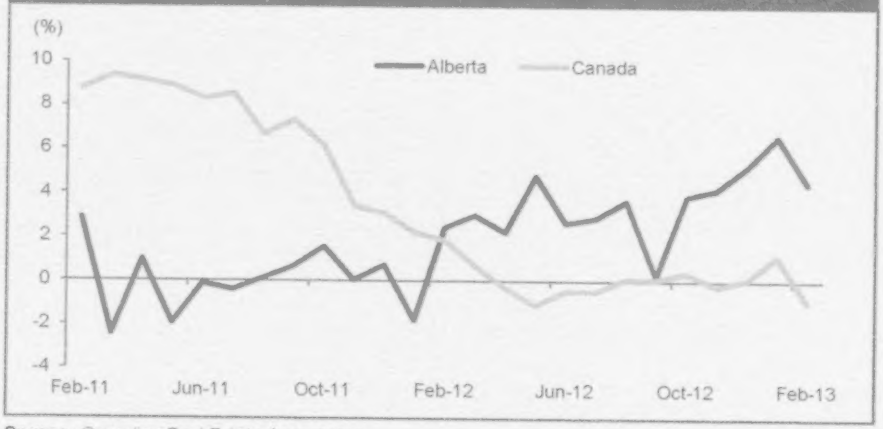
National Balance Sheet Accounts

Higher asset prices increase wealth

National net worth increased by 1.0% in the fourth quarter to $6.9 trillion. The increase was mostly due to higher prices for many assets, including foreign currency denominated assets, which benefited from a weaker Canadian dollar.

Per capita household net worth increased to $199,700 from $197,000, aided by higher prices for equities and pension holdings. Growth of household debt slowed from 1.9% in the third quarter to 0.9% in the fourth. Household debt to disposable income stayed flat at 165% in the fourth quarter.

Average Existing Home Price (Year-over-year Change)



Source: Canadian Real Estate Association

Closing Price	March 7, 2013	March 14, 2013	2012-13 Fiscal YTD
Canadian Dollar (US /$CAN)	97.07	97.46	99.95
WTI Oil ($US/bbl)	$91.56	93.03	91.89
NYMEX Natural Gas($US/MMBtu)	$3.58	3.82	3.01

Alberta Economic Indicators

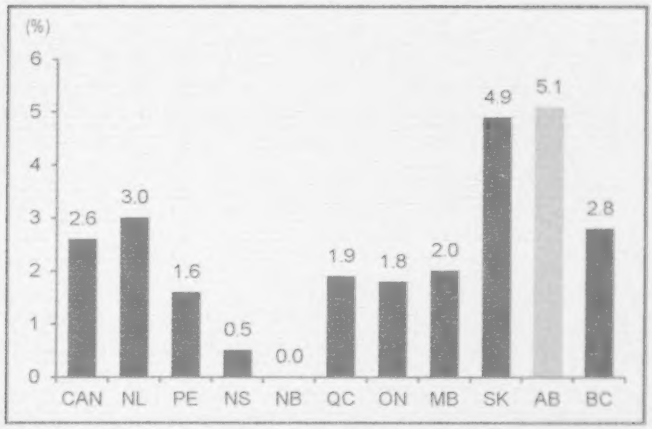
Population	2011	2012YTD	2013YTD	Sep	Oct	Nov	Dec	Jan	Feb
Population (000's)	3,778	3,874	..	..	3,907	..	..	..	..
y/y % change	1.5	2.5	..	..	2.9	..	..	..	..
Net Interprovincial Migration[1]	8,443	28,170	..	..	13,915	..	..	..	..
Net International Migration[1]	16,703	37,990	..	..	10,899	..	..	..	..
Net Non-permanent Residents[1]	-7,604	9,721	..	..	3,946	..	..	..	..
Labour Market									
Employment (000's), SA	2,094	2,150	2,177	2,156	2,162	2,170	2,165	2,175	2,179
y/y % change	2.8	2.7	2.2	1.8	1.8	1.9	1.5	1.9	2.5
Unemployment Rate (%), SA	5.5	4.6	4.5	4.4	4.4	4.2	4.5	4.5	4.5
Participation Rate (%), SA	73.7	73.4	72.9	73.1	73.1	73.0	72.9	72.9	72.9
Average Weekly Earnings ($), SA	1038.69	1073.09	..	1083.98	1095.42	1080.13	1093.56	..	..
y/y % change	4.6	3.3	..	3.9	4.0	2.9	4.2	..	..
Price Indices									
Consumer Price Index (y/y % change)	2.4	1.1	-0.5	1.4	0.6	0.6	0.0	-0.5	..
Excluding food and energy	0.8	1.3	..	1.1	1.2	0.9	1.1	0.8	..
Non-Res. Building Cons. Price Index[2] (y/y % change)	3.4	3.8	..	3.5	..	..	3.0	..	..
Farm Product Price Index (y/y % change)	18.0	4.4	..	2.5	1.2	2.0	2.7	..	..
Crops	19.3	1.9	..	2.1	3.5	3.0	4.3	..	..
Livestock	16.7	6.7	..	2.5	-0.9	1.3	1.4	..	..
Household Sector									
Housing Starts (SAAR, 000's)	26.7	33.4	31.3	33.4	39.7	39.8	30	29.3	33.3
y/y % change	-5.1	29.9	-7.8	34.2	0.2	32.4	-5	11.9	4.3
NEW: New Housing Price Index[3] (y/y % change)	0.4	1.3	2.2	1.8	1.6	1.7	1.9	2.2	..
Edmonton	0.9	0.9	0.9	1.3	0.8	0.8	1.0	0.9	..
Calgary	-0.1	1.7	3.3	2.3	2.4	2.8	3.1	3.3	..
NEW: MLS Average Resale Prices ($ 000's)	352.7	362.0	373.8	360.1	369.5	370.7	372.2	367.6	379.9
y/y % change	0.5	2.6	5.5	0.2	5.9	4.2	5.2	6.6	4.5
Edmonton ($ 000's)	324.2	332.7	340.3	318.7	336.8	343.0	345.9	337.6	343.0
y/y % change	0.7	2.6	2.1	-4.4	2.0	5.3	4.4	1.6	2.5
Calgary ($ 000's)	401.9	410.8	430.5	413.4	421.4	419.3	436.0	422.5	438.4
y/y % change	1.1	2.2	9.1	0.9	3.5	3.1	8.3	12.4	6.1
Retail Sales, SA (y/y % change)	6.9	7.6	..	7.8	6.0	3.9	1.9	..	..
NEW: New Motor Vehicle Sales (y/y % change)	9.6	10.5	3.6	15.7	9.1	2.6	-0.7	3.6	..
Consumer Bankruptcies	7,029	5,759	..	421	469	420	346	..	..
y/y % change	-13.8	-17.3	..	-19.8	-5.0	-27.2	-28.4	..	..
Business Sector									
Rigs Drilling	286	250	395	229	236	258	287	368	422
y/y % change	30.4	-12.6	-8.1	-33.7	-29.6	21.6	16.6	-8.2	-8.1
Goods Exports, customs based (y/y % change)	18.5	2.4	..	9.0	7.0	-3.2	-13.7	..	..
Energy	19.2	2.9	..	8.9	9.4	-1.9	17.6	..	..
Farm, Fishing and Intermediate Food	27.2	20.4	..	25.2	26.2	6.3	20.0	..	..
Farm Cash Receipts (quarterly, y/y % change)	15.2	15.0	..	8.8	..	..	..	..	..
Manufacturing Shipments, SA (y/y % change)	18.0	5.0	..	0.8	0.7	-7.9	-9.0	..	..
Wholesale Trade, SA (y/y % change)	15.0	11.0	..	7.2	4.1	4.6	4.1	..	..
Building Permits, SA (y/y % change)	11.8	14.7	24.3	7.4	25	44.7	5.4	24.3	..
Residential	5.2	17.7	20.4	10.2	14.5	23.3	2.2	20.4	..
Non-residential	20.9	11.0	30.9	3.4	42	78.4	-13	30.9	..
Business Bankruptcies	264	290.0	..	21.0	18.0	15.0	16.0	..	..
y/y % change	-30.2	-12.9	..	-8.7	-40.0	-21.1	-11.1	..	..

1 Quarterly, annual numbers are presented on a census year basis (July 1– June 30)
2 Quarterly, average of Calgary and Edmonton
3 Average of Calgary and Edmonton
YTD (year-to-date) represents the change since the beginning of the year compared to the same period in the previous year. "SA" denotes seasonally adjusted. "SAAR" denotes seasonally adjusted at annual rate

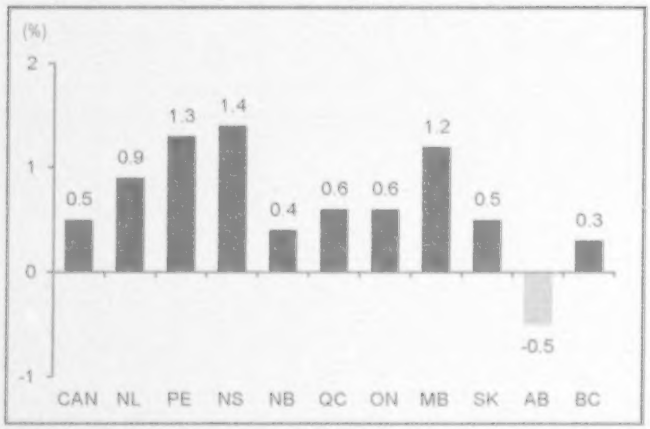
Sources: All data is from Statistics Canada except Housing Starts (Canada Mortgage and Housing Corporation), MLS Average Resale Price, (Canada Real Estate Association), Rigs Drilling (Canadian Association of Oilwell Drilling Contractors) and Bankruptcies (office of the superintendent of Bankruptcy Canada)

Economic Indicators by Province

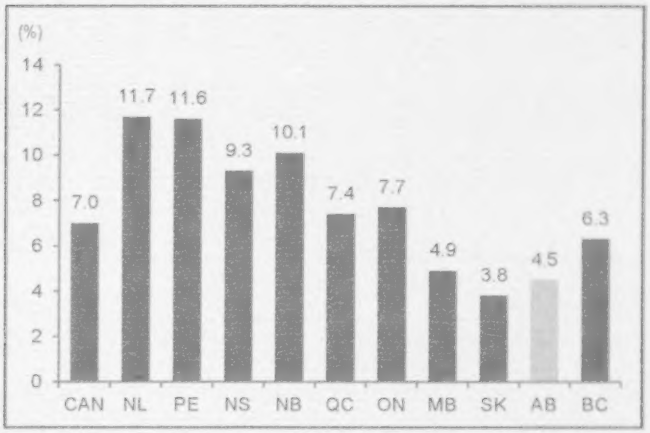
Real GDP Growth by Expenditure
(2011, year-over-year growth)



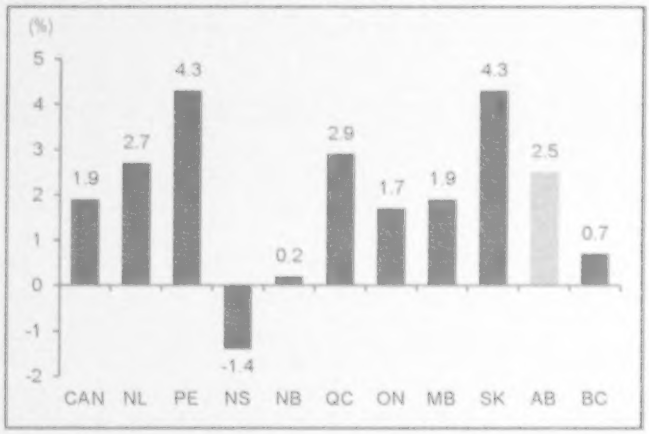
CPI Inflation
(January 2013, year-over-year growth in CPI)



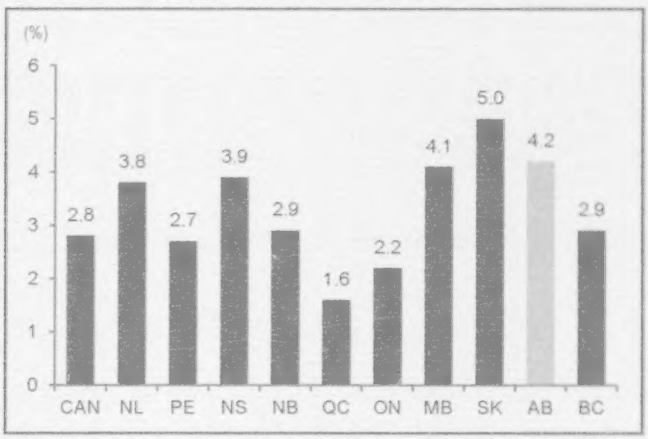
Unemployment Rate
(February 2013)



Employment
(February 2013, year-over-year growth)



Average Weekly Earnings
(December 2012, year-over-year growth)



Housing Starts
(February 2013, SAAR, year-over-year growth)